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C O N F I D E N T I A L SECTION 01 OF 03 PRAGUE 000314

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SUBJECT: CZECH CHRISTIAN DEMOCRAT PARTY CONGRESS ELECTS NEW  
LEADER - CORRECTED COPY

Classified By: CDA MARY THOMPSON-JONES FOR REASONS 1.4 (B) AND (D)

¶1. (C) Summary: On May 30, the Czech Christian Democrats (KDU-CSL) held their party congress and elected a new chairman, Cyril Svoboda, a seasoned, pro-U.S. KDU leader. Svoboda's chairmanship represents a shift to the left for the party and his major task is party unification, fundraising and preparation ahead of the early parliamentary elections in October. If Svoboda does not succeed, KDU could fail to pass the 5 percent threshold for parliamentary representation, increasing the chances for a more prominent role in the new Czech government for the unreformed Czech Communist party (KSCM). Svoboda's task will be made more difficult by the departure of Miroslav Kalousek, former Finance Minister and a party member and leader for 25 years who recently announced he will split from the party to start a rival right wing party. End Summary.

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The Changing of the Guard  
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¶2. (C) The biggest outcome was the decisive defeat of Jiri Cunek, Mayor of Vsetin, a small northern Moravian city, who quickly rose through the ranks from relative obscurity to KDU party leadership. Some two and a half years ago, he went from small city mayor to Senator, party leader and deputy prime minister. However, a series of problems undermined his leadership and his party's position. KDU is primarily a religious party, and its loyal base of supporters are Christian believers; therefore, allegations of corruption that surfaced in 2007 and a lack of party managerial discipline damaged Cunek's image among the party faithful and weakened his leadership role. As mayor, Cunek took a hard line against Roma, for example, evicting Roma families from housing in Vsetin. However, Cunek's harsh approach to the Roma issue and anti-Roma policies hurt the party's image and Czech political analysts argue that Cunek's incompetence and arrogance further fractured KDU, which was already struggling to develop a clear party platform. His coalition with the Civic Democrats (ODS) also hurt him. Some of ODS, policies ) like minimal health care fees ) were very unpopular with the left wing of the KDU. When ODS PM Topolanek lost a vote of no confidence in March, the coalition dissolved, and Cunek lost any support he may have had from the center-right portion of the party.

¶3. (SBU) Cunek chose his city, Vsetin, as the venue for the KDU congress, hoping the home town advantage might translate into some last minute support. Three hundred delegates came to Vsetin to elect a new party chairperson. There were four candidates on the ballot ) Jiri Cunek, the beleaguered incumbent; Cyril Svoboda, the former chairman and minister; Jan Brezina, a former governor and current Member of the European Parliament; and Michaela Sojdrova, current Member of Czech Parliament. The home court advantage Cunek hoped for never materialized. After the first round, he only had 61 votes, barely 20 percent of the vote, which was not enough to

advance. Svoboda and Brezina went to the second round of balloting, with Svoboda getting 157 votes to Brezina,s 127. There were 16 abstentions.

14. (SBU) While Cunek,s defeat is a complete repudiation of his leadership, it is difficult to call Svoboda,s victory a clear mandate. Although Svoboda called for the delegates to support David Macek as his First Deputy Chairman, Michaela Sojdrova was ultimately selected after Macek withdrew his name from the balloting when he did not receive a clear majority in the first round of balloting. Sojdrova has been in KDU since 1989 and a member of the Czech parliament since 1996. She is head of KDU,s Education Committee and Women,s Union, and is very much focused on educational issues. Many analysts agree that her victory as deputy chairperson was good for the party, as she is generally viewed as a pragmatist who can breach the left-right divide and give KDU,s policy platform some direction.

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Who Was There ) Who Wasn,t  
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15. (C) Unlike past conventions, President Klaus and leaders of the potential coalition partners (CSSD and ODS) did not attend. Each sent a short, innocuous text to be read on their behalf, most likely because they are preoccupied with the European Parliament campaign. However, one person who was conspicuously present was Miroslav Kalousek. Kalousek has been a party member for 25 years and was its chairman from 2003 to 2006. He announced his split from KDU shortly after PM Topolanek lost the no-confidence vote, citing KDU,s

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shift to the left. Although Kalousek says he will wait until after the European Parliamentary elections to formally leave the party, he is already making plans to form a rival right-wing party ) TOP 09. TOP stands for (in the Czech language) tradition, responsibility, and prosperity. Jan Brezina, who only lost to Svoboda by 30 votes in the runoff balloting for the chairmanship, is Kalousek,s ally.

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End of An Era?  
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16. (C) Svoboda is no stranger to KDU leadership, having served as the chairman from 2001 to 2003. He is a seasoned politician who has also had several Ministerial positions, most recently the Minister of Regional Development. He is also unabashedly pro-American. He supported missile defense, and in an April meeting with Charge, expressed strong support for anything that would strengthen bilateral ties. At the same time, Svoboda,s victory represents a more pronounced shift in KDU rhetoric from right-of-center to left-of-center. One of Svoboda,s main tasks will be to unify the party and prepare it for the early parliamentary elections in October. While Kalousek and other right-wingers in the KDU thought Cunek had left-leaning policies, Svoboda,s party will be even more different from the one that took part in the center-right coalition of ODS. For example, Svoboda and the KDU announced at the congress that they will support progressive taxation of the wealthy, a clear departure from the flat tax supported by the former ODS government. But the shift may not be that great. Svoboda,s narrow victory in the second round of balloting over Brezina (a Kalousek ally) shows that the party divide is not lopsided and Svoboda will be constrained by the right-wing faction.

17. (C) KDU,s traditional base of support is among the older generation in the rural villages of Moravia, where religion is the highest priority. Even though it is the oldest party in the country (KDU-CSL celebrates its 90th anniversary this year) and the party experienced a slight increase in membership in the early 90s, the party is having problems building support and attracting new members in a country with

the highest rate of atheism in Europe. Its base of support is dwindling and party membership has continued to drop. Jiri Cunek noted in his speech at the congress that party membership is currently at 37,000 members, down from 70,000 members ten years ago. In his April meeting with Charge, Svoboda agreed that his party drew most of its support from Moravia, but hoped that the demise of the Green Party would create an opening for KDU among urban voters in the rest of the Czech Republic. Svoboda is also counting on the KDU,s refusal to join the interim government as a way to distinguish his party from its larger, more dominant ODS and CSSD rivals.

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Svoboda,s Main Task: Shore up Voter Support  
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18. (C) Comment: Kalousek,s imminent departure from the party makes more urgent the need for Svoboda to shore up voter support for KDU. Election laws require a minimum of 5 percent of the total vote in order for a party to qualify for seats in the parliament. Current polling shows KDU teetering on the 5 percent brink. If the split is great and Kalousek draws substantial numbers of right-leaning voters from KDU, this will bode ill for KDU in October,s early elections. Svoboda is well aware what Kalousek,s split from the party means and the potential this has to take right-of-center votes away from KDU in the October elections. He stated at the party congress that, &If we want to succeed, we have to be a party of firm internal discipline, a party unified by its program.8 In fact, Svoboda,s nomination speech at the party focused solely on leadership qualities ) experience, courage, vision, discipline ) over substance. Svoboda seemed to fully understand that the next few years will determine the survival of KDU.

19. (C) Comment (continued): KDU,s fate may also determine the character of the next Czech government. If KDU and the Greens (as seems likely) fail to make the threshold, the Czech parliament could likely have three parties: center-left CSSD, center-right ODS, and the Communists. This would pose the specter of what CSSD leader Paroubek has called a &silent8 CSSD coalition with the Communists. However, Svoboda has ruled out any coalition involving the Communists. If CSSD wins the elections handily and KDU manages to cross the threshold, Svoboda would probably be willing to participate in a CSSD coalition government, since he did last time he was KDU chairman and he has hinted that

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he would do it again, given, for example, his support of progressive taxation. End Comment.  
Thompson-Jones